

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original

POSITION: Neutral

SPONSOR: Associated California Self Insured Businesses

BILL NUMBER: SB 683

AUTHOR: R. Calderon

RELATED BILLS: AB 879

BILL SUMMARY: Workers' Compensation: Group Self-Insurers: Audits

This bill would codify the requirement for group self insurers to annually submit an audit of its financial accounts and records to the Department of Industrial Relations (DIR) and would also specify that this information shall not be made public.

FISCAL SUMMARY

This bill will not have a fiscal impact on the state or on group self insurers because Title 8, Section 15470 of the California Code of Regulations already requires these groups to annually submit audits, reports and actuarial valuations.

COMMENTS

The Department Finance takes a neutral position on this bill.

Self-Insured Groups (SIG) are comprised of a number of employers in the same industry that join together exclusively for the purpose of providing workers' compensation coverage for their employees. Group members make contributions to the SIG, and the SIG pays all workers' compensation related expenses. This arrangement permits the spread of workers' comp risk among all members and joint and several liabilities make each employer susceptible to the others' financials.

The association of group self-insurers that are sponsoring this bill state that they have no concerns with providing annual audits, reports, and actuarial valuations to the DIR's Office of Self Insured Plans, however they are concerned with recent pressure from the insurance industry to make this information public. A nearly identical bill, AB 879, would require SIGs' audited financial statements and actuarial analyses to be made available to the public, except that no financial information for individual members may be made public.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code
7350/DIR	SO	No	-----	No/Minor	Fiscal Impact	-----			0223

<u>Fund Code</u> 0223	<u>Title</u> Workers' Comp Administration Revolv Fund
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Analyst/Principal (0241) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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